

HOUSE BILL 2839
By Rhinehart

AN ACT to amend Tennessee Code Annotated, Section 45-13-109; and to repeal Tennessee Code Annotated, Section 45-1-128, relative to residential lending, brokering and servicing.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 45-13-109(d), is amended by deleting the present language in its entirety and by substituting instead the following:

(1) If periodic payments are to be collected from the mortgagor to provide for payments by the mortgage loan servicer of taxes, assessments, insurance premiums, ground rents and other current charges against the real estate security, the estimated payment amount required by the licensee or registrant shall be such that the total of these payments collected for each category during the tax or other period shall not exceed two (2) months more than the total amount due for the period. If the mortgage loan servicer, who has collected periodic payments for the payment of real property taxes, fails to pay any tax payment, properly billed to such mortgage loan services, on or before the delinquency date thereof, the mortgage loan servicer is liable to the mortgagor for all penalties incurred. If any mortgage loan servicer who has actually collected periodic payments for payment of insurance premiums fails to pay any insurance premium by the expiration date, such mortgage loan servicer may be subject to have its license or registration revoked by the commissioner.

(2) Compliance with the Real Estate Settlement Procedures Act (RESPA. 12 U.S.C. § 260, et seq.) and any rules or regulations adopted pursuant thereto, by any mortgage lender, broker, or servicer, with regard to the escrow accounting procedures permitted in such act shall be deemed compliance with any provisions under state law. To the extent that any provisions of RESPA, or rules adopted thereunder, would conflict with any state law provision concerning escrow accounting procedures, it is the intent of the general assembly that the federal law shall preempt and control any such conflicting state law provisions.

SECTION 2. Tennessee Code Annotated, Section 45-1-128, is repealed.

SECTION 3. This act shall take effect July 1, 1996, the public welfare requiring it.

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